



WILLIAM T FUJIOKA  
Chief Executive Officer

## County of Los Angeles CHIEF EXECUTIVE OFFICE

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May 17, 2011

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

Dear Supervisors:

**DEPARTMENT OF PUBLIC WORKS:  
MARTIN LUTHER KING, JR. MEDICAL CENTER REPLACEMENT  
MULTI-SERVICE AMBULATORY CARE CENTER PROJECT  
APPROVE COMMUNITY WORKFORCE AGREEMENT  
SPECS. 7056; CAPITAL PROJECT NO. 70947  
(SECOND DISTRICT) (3 VOTES)**

**SUBJECT**

This action is to approve a Community Workforce Agreement for the Multi-Service Ambulatory Care Center Project at Martin Luther King, Jr. Medical Center.

**IT IS RECOMMENDED THAT YOUR BOARD:**

Approve and authorize the Chief Executive Officer to sign a Community Workforce Agreement for the Multi-Service Ambulatory Care Center Project at Martin Luther King, Jr. Medical Center with the Los Angeles/Orange Counties Building and Construction Trades Council, and any other construction trade union that chooses to sign the agreement, including the Carpenters Union.

**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

Approval of the recommended action will authorize a Community Workforce Agreement for the Multi-Service Ambulatory Care Center Project (MACC) at Martin Luther King, Jr. Medical Center.

*"To Enrich Lives Through Effective And Caring Service"*

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Intra-County Correspondence Sent Electronically Only*

## **Background**

On August 18, 2009, your Board established Capital Project No. 88945 for the Inpatient Tower (IPT) and Capital Project No. 70947 for the MACC Project at Martin Luther King, Jr. Medical Center.

On October 19, 2010, your Board approved a Local Worker Hiring Program (LWHP) and Small Business Enterprise Program (SBE) for the IPT and MACC Projects. The LWHP includes the following key elements:

- Mandatory requirement that a minimum of 30 percent of the construction labor hours performed by California residents be worked by qualified "local residents";
- "Local residency" is defined as either residing within a 5-mile radius of the Medical Center; or residing in an area having an unemployment rate in excess of 150 percent of the County unemployment rate; and
- One third of the local worker hours, or 10 percent of the total work hours performed by California residents must be performed by "Disadvantaged Workers".

## **Community Workforce Agreement/Project Labor Agreement**

On December 9, 2010, your Board authorized the Chief Executive Officer, County Counsel, and the Director of Public Works to negotiate a Project Labor Agreement (PLA) for the MACC Project. PLAs can be referred to by different names. Sometimes they are called "Project Stabilization Agreements" (PSA), or alternatively "Community Workforce Agreements" (CWA). We have denominated this agreement a CWA to underscore one of the County's predominant objectives in pursuing such an agreement. Regardless of the name, these agreements typically serve the same primary functions as described below.

A CWA is an agreement negotiated between a project owner, which may be a public agency and various construction unions that is typically used to establish uniform labor relations policies and procedures for a construction project. The terms and conditions of the CWA often differ in specific areas from what is otherwise provided for through established collective bargaining agreements.

Traditionally, owners have sought to enter into labor agreements as a means of avoiding strikes, lockouts, and other labor disputes that could potentially disrupt important projects. More recently, many owners are also using labor agreements as a vehicle for delivering on public policy, such as the implementation of community work force

development programs, which may include target goals or requirements related to hiring the local workforce. Other provisions typically relate to: standardized work rules for a project; dispute resolution procedures to be utilized in the event that labor relations issues or disputes occur; and policies and procedures for compliance with prevailing wage law and providing employees with bona fide fringe benefits. After an owner and the construction unions agree to a CWA, the CWA is incorporated into the contract documents for the project and the selected contractor and its subcontractors are bound to the terms of the CWA for purposes of implementing the project.

As directed by your Board on December 9, 2010, as part of negotiating the terms of the proposed CWA, we conducted a process of seeking input from various interested parties. On January 13, 2011, we met with representatives of the Associated General Contractors and the Associated Builders and Contractors. We also met with the three prequalified design-builders, in addition to conducting negotiations with the Los Angeles/Orange Counties Building and Construction Trades Council, and separate negotiations with the International Brotherhood of Carpenters and Joiners, who are not affiliated with the Building and Construction Trades Council (BCTC).

The general form of the proposed CWA is based on, and patterned after, the PSA currently in place with the Los Angeles Unified School District.

#### Terms and Conditions

The following is some of the key terms and conditions of the CWA:

- Local Worker Hiring

The agreement provides that the unions will provide the contractors with sufficient qualified workers to achieve the mandatory LWHP requirements established by your Board. It further recognizes the County's desire to create hiring opportunities for County local workers, disadvantaged local workers, apprentices, and pre-apprentices. The unions agree to support training opportunities for individuals wishing to pursue a career in construction.

- Apprentices

Under the CWA, all parties are encouraged to increase work opportunities for those seeking to enter the construction industry. This is done by encouraging the use of first year apprentices and by providing training opportunities for pre-apprentices. Apprentices working under the agreement must come from joint labor/management training programs (union training programs).

- SBE Program

The agreement specifically recognizes the SBE program established by your Board for this Project. The unions agree to support this priority and to ensure that the agreement does not create impediments to participation of small local businesses. This is partly addressed through the terms of the Core Worker provisions described below.

- Core Workers

The agreement provides flexibility to contractors who do not typically work under union collective bargaining agreement. This will also enhance opportunities for SBEs and other Community Business Enterprises to participate on the Project. The CWA allows these contractors to employ up to 10 existing employees ("core workers") on a 1 to 1 basis with union workers. This is higher than the core worker provision in most existing PLAs/PSAs/CWAs in the area.

- No-Strike Provision

The CWA includes provisions precluding labor actions or disruptions of the work associated with the scope of the MACC design-build contract. In addition, the CWA states that the unions agree not to disrupt other work on the MLK campus (such as the IPT project) because of failure to cover such work in the CWA.

- Scope of Work

The CWA applies only to the scope of construction work to be performed under the design-build contract for the MACC. All other construction work on the MLK Campus is specifically excluded from the application of the CWA, as is work on the MACC Project that is not in the proposed design-build contract, as well as specialty items of work like the installation of certain medical equipment.

- Dispute Resolution

Issues regarding disputes over jurisdiction between trades that may arise during construction will be resolved using a methodology that is common in the industry "The Plan for Settlement of Jurisdictional Disputes in the Construction Industry" (the "Plan").

- Wages and Benefits

The agreement provides for the payment of prevailing wages in accordance with the California Labor Code. In the unlikely event that the union wage rates exceed the applicable prevailing wage rates, the higher rates will apply. Contributions for fringe benefits must be made to union benefit trust funds on behalf of all workers covered by the CWA.

- Union Agreements/Union Membership

The agreement is open to all contractors whether or not they normally work on a union basis and does not require the signing of any collective bargaining agreement other than the CWA. Employees working under the CWA do not have to become union members or pay union dues, although they do have to pay a representation fee to the unions while they are working under the CWA.

#### Carpenters Union

On November 9, 2010, we informed your Board that the Carpenters Union is not part of the BCTC, and that the Carpenters sometimes decline to sign labor agreements that use "The Plan" to resolve jurisdictional disputes. During the negotiation of this CWA, we worked extensively with the BCTC, and the Carpenters on this issue. As described above, "The Plan" has been included in the CWA as the methodology for resolving jurisdictional issues. To this point, the Carpenters have not communicated a final decision regarding whether they will sign the CWA. We are requesting authority to execute the CWA with the BCTC, and any construction trade union that choose to sign, including the Carpenters.

If the Carpenters ultimately elect to not sign the CWA, we believe that we can still successfully manage the CWA and the construction of the MACC Project based on the experience of other agencies who have implemented labor agreements without having the Carpenters as signatory.

#### Implementation of Strategic Plan Goals

The Countywide Strategic Plan directs the provision that we provide Children, Family, and Adult Well-Being (Goal 2); Community and Municipal Services (Goal 3); and Health and Mental Health (Goal 4), by investing in public health infrastructure to enhance the safety of the patients and staff, and by increasing job opportunities for high risk youth, adults, and low to moderate income residents.

### **FISCAL IMPACT/FINANCING**

On November 9, 2010, the Department of Public Works (Public Works) reported to your Board that the steps to implement the CWA could increase Project costs due to the cost of negotiating the CWA (\$95,000), construction delays (\$300,000), and management of the CWA over the two-year duration of construction (\$400,000). Public Works will work to hold these costs to a minimum.

In June 2011, Public Works will receive cost proposals from the design-builders, and will return to your Board in September 2011 with a final Project cost estimate and a recommendation to award the design-build contract. The Chief Executive Office will include a recommendation of how to fund any increased Project cost at that time, if necessary. The current Project Schedule and Budget Summaries are included in the Attachment.

The Project is currently funded with tax-exempt commercial paper, but will ultimately be financed through the issuance of long-term bonds. Recommendations on the par amount of each bond type to be issued will be based on market conditions and discussions with the Treasurer and Tax Collector and presented to your Board for approval prior to implementation of the financing.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

County Counsel has approved the CWA as to form.

### **ENVIRONMENTAL DOCUMENTATION**

On August 18, 2009, your Board directed that an Environmental Impact Report be prepared for the MACC Project. Public Works will return to your Board for approval of the Environmental Impact Report prior to award of the design-build contract for the MACC Project. Approval of this agreement is an administrative activity of the government, which will not result in direct or indirect changes to the environment.

### **CONTRACTING PROCESS**

Public Works has completed prequalification of design-builders for the MACC Project and established a shortlist of three prequalified firms, including Clark Construction, Hensel Phelps Construction Co., and McCarthy Building Companies. If the CWA is approved by your Board, Public Works will issue a bid addendum to the three design-builders incorporating the terms and conditions of CWA into the contract documents. Technical and cost proposals are scheduled to be submitted in June 2011.

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Following determination of the most advantageous and best value proposer, and negotiations of the final proposed terms of the design-build contract with such proposer, Public Works will return to your Board with a recommendation to award the design-build contract for the MACC Project, which is currently scheduled for September 2011.

This will be the first Project on which the County has been a party to a CWA. To assist with this effort, Public Works used existing as-needed construction management services contracts with Parsons and SRD Management for purposes of negotiating and crafting the terms of the CWA.

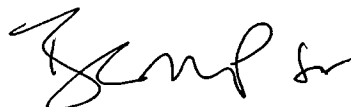
### **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

There will be no negative impact on current County services or projects during the performance of the recommended services. The MACC and the Hawkins Building will remain fully operational during construction. Public Works and its consultants have worked with the Department of Health Services to develop construction staging and phasing plans that minimize impact to operations during construction.

### **CONCLUSION**

Please return one adopted copy of this letter to the Chief Executive Office, Capital Projects Division; Department of Health Services; and Department of Public Works, Project Management Division I.

Respectfully submitted,



WILLIAM T FUJIOKA  
Chief Executive Officer

WTF:RLR  
DJT:DPH:zu

Attachment

c: Executive Office, Board of Supervisors  
County Counsel  
Health Services  
Public Social Services (GAIN/GROW) Program  
Public Works

## **ATTACHMENT**

**DEPARTMENT OF PUBLIC WORKS:  
MARTIN LUTHER KING, JR. MEDICAL CENTER REPLACEMENT PROJECT  
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### **I. PROJECT SCHEDULE**

<b>Project Activity</b>	<b>Board-Approved Completion Dates</b>
Environmental Impact Report	01/15/2011
Programming	09/18/2009
Scoping Design	10/13/2010
Award Design-Build	03/29/2011
Jurisdictional Agency Approval	By Design-Builder
Design-Build Construction Bid and Award	N/A
Construction	
Substantial Completion	06/23/2013
Acceptance	12/23/2013
Building Occupancy	03/23/2014



## II. PROJECT BUDGET SUMMARY

Budget Category	Board-Approved Project Budget	Impact of this Action	Current Project Budget
Land Acquisition	\$ 0	\$ 0	\$ 0
Construction			
Design-Build Construction Contract	\$ 95,000,000	\$ 0	\$ 95,000,000
Job Order Contract	1,000,000	0	1,000,000
Change Orders	8,780,000	0	8,780,000
Departmental Crafts	0	0	0
Construction Consultants	0	0	0
Telecomm Equip - Affixed to Building	0	0	0
Civic Arts	1,000,000	0	1,000,000
Subtotal	\$105,780,000	\$ 0	\$105,780,000
Programming/ Development	\$ 0	\$ 0	\$ 0
Plans and Specifications			
Architect/Engineer Fee	\$ 3,322,000	\$ 0	\$ 3,322,000
Design Contingency	758,000	0	758,000
Subtotal	4,080,000	\$ 0	\$ 4,080,000
Consultant Services			
Site Planning	\$ 0	\$ 0	\$ 0
Hazardous Materials	135,000	0	135,000
Geotech/Soils Report and Soils Testing	170,000	0	170,000
Material Testing	850,000	0	850,000
Cost Estimating	0	0	0
Inspection Services	425,000	0	425,000
Topographic Surveys	0	0	0
Construction Management	3,495,000	0	3,495,000
Document and Project Controls	1,700,000	0	1,700,000
Labor/Outreach/Local Worker Hiring Program	425,000	0	425,000
Environmental	600,000	0	600,000
Move Management (Move Manager Only)	0	0	0
Equipment Planning	0	0	0
Contract/Change Order	0	0	0
Subtotal	\$ 7,800,000	\$ 0	\$ 7,800,000
Miscellaneous Expenditures	\$ 210,000	\$ 0	\$ 210,000
Jurisdictional Review/Plan Check/Permit	\$ 500,000	\$ 0	\$ 500,000
County Services			
Code Compliance Inspection	\$ 850,000	\$ 0	\$ 850,000
Quality Control Inspection	0	0	0
Design Review	170,000	0	170,000
Design Services	0	0	0
Contract Administration	300,000	0	300,000
Project Management	2,070,000	0	2,070,000
Project Management Support Services	1,600,000	0	1,600,000
ISD Job Order Contract Management	0	0	0
DPW Job Order Contract Management	85,000	0	85,000
ISD ITS Communications	600,000	0	600,000
Project Technical Support	950,000	0	950,000
Office of Affirmative Action	125,000	0	125,000
County Counsel	0	0	0
Other - GMED	0	0	0
Other - Contract Management - LWHP	0	0	0
Subtotal	\$ 6,750,000	\$ 0	\$ 6,750,000
<b>TOTAL</b>	<b>\$ 125,120,000</b>	<b>\$ 0</b>	<b>\$125,120,000</b>